

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Robert G. Taub, Chairman;
Mark Acton, Vice Chairman;
Tony Hammond; and
Nanci E. Langley

Competitive Product Prices
Global Plus 1D (CP2016-193)
Negotiated Service Agreements

Docket No. CP2016-193

ORDER APPROVING MODIFICATION TO
GLOBAL PLUS 1D NEGOTIATED SERVICE AGREEMENT

(Issued June 15, 2017)

I. INTRODUCTION

The Postal Service seeks to modify a Global Plus 1D negotiated service agreement.¹ For the reasons discussed below, the Commission approves the Modification.

¹ Notice of the United States Postal Service of Filing Modification to Global Plus 1D Negotiated Service Agreement, June 14, 2017 (Notice). The modification is an attachment to the Notice (Modification).

In Order No. 3395, the Commission approved the Global Plus 1D negotiated service agreement (Existing Agreement).² On June 14, 2017, the Postal Service filed notice that it has agreed to the Modification to the Existing Agreement.

II. COMMISSION ANALYSIS

The Commission has reviewed the Notice and the accompanying materials filed under seal.

Cost considerations. The Commission reviews competitive product prices to ensure that each product covers its attributable costs, does not cause market dominant products to subsidize competitive products, and contributes to the Postal Service's institutional costs. 39 U.S.C. § 3633(a); 39 C.F.R. §§ 3015.5 and 3015.7. As long as the revenue generated by the product exceeds its attributable costs, the product is unlikely to reduce the contribution of competitive products as a whole or to adversely affect the ability of competitive products as a whole to contribute an appropriate share of institutional costs. In other words, if a product covers its attributable costs, it is likely to comply with 39 U.S.C. § 3633(a).

The Existing Agreement expires on June 30, 2017. Notice at 1. The Modification revises the Existing Agreement so that it will remain in effect until August 15, 2017. *Id.*

The Modification does not materially affect the underlying financial analysis of the Existing Agreement. Thus, the Commission finds that the Existing Agreement, as modified, comports with the provisions applicable to rates for competitive products in 39 U.S.C. § 3633(a) and 39 C.F.R. § 3015.7.

Other considerations. The Existing Agreement, as modified, is set to expire on August 15, 2017, unless terminated sooner. *Id.* Attachment 1 at 1. If the Existing Agreement, as modified, is terminated prior to the scheduled expiration date, the Postal Service shall promptly notify the Commission. The Commission will not incorporate the

² Order Adding Global Plus 1D to the Competitive Product List and Approval of Designation as Baseline Agreement, June 29, 2016 (Order No. 3395).

modification into the baseline agreement for purposes of testing the functional equivalency of future Global Plus 1D negotiated service agreements.

In conclusion, the Commission approves the Existing Agreement, as modified.

III. ORDERING PARAGRAPHS

It is ordered:

1. The Commission approves the Global Plus 1D negotiated service agreement, as modified.
2. The Postal Service shall notify the Commission if the Existing Agreement, as modified, terminates prior to the scheduled expiration date.
3. The Commission will not incorporate the Modification into the baseline agreement for purposes of testing the functional equivalency of future Global Plus 1D negotiated service agreements.

By the Commission.

Ruth Ann Abrams
Acting Secretary